



What to do when stock markets are like skiing in very low visibility?

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The US administration decisions and communications on such matters as tariffs, protection of old allies and turning facts upside down has reached unprecedented levels. In my decades of investing the visibility has never been lower.

The Gulf War I in 1990, LTCM collapse in 1997, Great Financial Crisis (GFC) in 2008-09 and Covid in 2020-21 caught the modus operandi of Western societies by surprise. In each instance the political leaderships got constructive around how to handle the situation and eventually sorted out a solution that worked for the greater good.

After GFC, I thought the overspending by governments would bring a long period of restrained government spending and low interest rates. That was the case in Europe, but not in the US, where government deficits runs a 6-7% of GDP. A normalization of the deficits to lets say 2-3% would mean a 3-4% contraction of the US economy. GFC was that kind of economic contraction just to give it some perspective, so US faces a serious adjustment process.

The current US administration is apparently trying to handle this, but it's only increased volatility and reduced visibility. How is economic activity going to be in 2026 and 2027? It's very low visibility. Just like skiing in a snow storm....



The economic stimulus in USA has supported the creation of some very large companies such as Apple that have fueled the global stock market rally over the last 10 years.

Due to low visibility from trade tariffs, US not providing security for its former allies etc., the world as it used to be is drifting apart. And that's an issue if global consumers turn their back to US companies. Apple generate 58% of sales outside US and 46% of their operating profits. So if consumers do not like what the US administration is doing, they might as well buy Samsung or another smartphone as the next replacement.

The uncertainty in US economics and how global consumers might turn their back on US products and services could be the reason for the recent downtrend in global stock markets. Non-US markets are doing much better for the first time in years.....

So to answer the headline: go to Asia and Europe. That's a stable base when skiing is difficult

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